Registre de Commerce et des Sociétés
B16453 - L140154891
déposé le 29/08/2014

MENTION

Nom de la société : GENERAL MEDITERRANEAN HOLDING S.A. SPF

Siège social : 29, Avenue de la Porte-Neuve
L-2227 LUXEMBOURG

N° de registre de commerce : B 16.453

Les comptes annuels CONSOLIDES au 31 décembre 2011

ont été déposés au registre de commerce des sociétés.

Pour mention aux fins de publication au Mémorial, Recueil Spécial des Sociétés et Associations.

Registre de Commerce et des Sociétés
B16453 - L140154891
enregistré et déposé le 29/08/2014

GENERAL MEDITERRANEAN HOLDING SA SPF

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

AMERICAS & THE CARIBBEAN	EUROPE	MIDDLE EAST & AFRICA	ASIA & PACIFIC
Brazil	Belgium	Egypt	China
British Virgin Islands	Cyprus	Iraq	Hong Kong
Canada	France	Jordan	India
Panama	Germany	Lebanon	
United States of America	Luxembourg	Mauritius	
	Spain	Morocco	
	Switzerland	Syria	
	United Kingdom	Tunisia	

General Mediterranean Holding SA SPF.
Founded in Luxembourg in 1979, the General Mediterranean Holding Group now operates as a Société de Gestion de Patrimoine Familial (SPF) through 130 diverse entities and associate companies located in 24 countries. The companies in the Group directly and indirectly employ some 10,000 personnel. The paid up capital of the Company is €350 million with total consolidated assets standing at €2.1 billion.

Each operating company functions with its own board and management which are encouraged to be successful within a corporate governance framework defined by the holding company which sets standards for ethical and financial performance, risk management, health, safety and staff welfare and community and environmental matters.

The investments of the Group are focused on:
• Finance & Investment Activities • Real Estate & Construction • Hospitality & Leisure • Healthcare & Pharmaceuticals • Power Generation • Trading • Sheet Metal Fabrication • TV Broadcasting and New Media.

Strategy:
The Group's on-going business objective remains low-risk controlled growth building on the strength and span of its international investments but adhering to stringent criteria. The Group is increasingly discerning in the selection of its investments and whilst new opportunities are considered to enhance the value of the Company, under the current global economic conditions, the immediate focus is on consolidation and completing the projects in hand in order to optimise the return on their investments. The General Mediterranean Group respects the value of its personnel who not only underpin but also enhance productivity and optimal returns. The Company's ethos is long-term, ethical relationships across its global network and, in constantly trying to serve the wider community and expand its activities; it strives always to enhance the value of stakeholder investment.

DIRECTORS & COMPANY INFORMATION

Chairman & Chief Executive	Nadhmi S Auchi
Deputy Chairman	Nasir Abid
Other Board Members	Sir Anthony Jolliffe
	Abdul Hadi Al Majali
	Jacques Santer
	Rt. Hon. Lord Steel of Aikwood
	Marc Verwilghen
Secretary to the Board	Arif Husain
Country of Incorporation	Grand Duchy of Luxembourg
Date of Incorporation	16 January 1979
Registered Number	B16453
Registered Office	Centre Financier
	29, avenue de la Porte Neuve
	L - 2227, Luxembourg

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	2011 €'000	2010 €'000 As restated
Revenue	4	153,598	148,429
Cost of sales		67,053	72,296
GROSS PROFIT		86,545	76,133
Net operating expenses		(73,703)	(72,956)
Exchange (loss)/gain		(1,300)	44,129
(Loss)/profit on sale of current asset investments		(19,715)	2,886
Revaluation of current asset investments		(14,118)	(5,901)
Revaluation of investment properties		23,400	(97)
Profit on sale of property, plant and equipment		4,734	2,546
Other income		79	2,897
Provisions on trade receivables and other current assets		(12,785)	(1,051)
Impairment of non-current investment	11	-	(32,726)
(LOSS)/PROFIT FROM OPERATIONS	5	(6,863)	15,860
Finance income	6	3,382	9,362
Finance costs	6	(13,178)	(12,706)
Share of profits less losses of associate companies	10	11,999	(1,494)
(LOSS)/PROFIT BEFORE TAX		(4,660)	11,022
Tax expense	7	(3,504)	(7,229)
(LOSS)/PROFIT FROM CONTINUING OPERATIONS		(8,164)	3,793
(LOSS)/PROFIT FOR THE YEAR BEFORE OTHERCOMPREHENSIVE INCOME – carried forward		(8,164)	3,793

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - CONTINUED
For the year ended 31 December 2011

	2011	2010
	€'000	€'000
		As restated
(LOSS)/PROFIT FOR THE YEAR BEFORE OTHER COMPREHENSIVE INCOME – brought forward	(8,164)	3,793
OTHER COMPREHENSIVE INCOME		
Revaluation of freehold properties	117,539	45,523
Revaluation of available for sale investments	1,385	(1,930)
Exchange gains/(losses) arising on translation of foreign operations	3,416	(1,655)
Tax relating to components of other comprehensive income:		
Revaluation of freehold and investment properties	(7,392)	(12,029)
TOTAL OTHER COMPREHENSIVE INCOME	114,948	29,909
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	106,783	33,702
(Loss)/Profit for the year attributable to:		
Owners of the parent	(6,941)	1,586
Non-controlling interests	(1,224)	2,207
	(8,164)	3,793
Total comprehensive income attributable to:		
Owners of the parent	103,162	9,828
Non-controlling interests	3,621	23,874
	106,783	33,702

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

ASSETS	Notes	2011 €'000	2011 €'000	2010 €'000	2010 €'000
NON-CURRENT ASSETS				As restated	
Property, plant and equipment	8		1,451,525		1,342,579
Investment properties	9		182,534		159,134
Investments in associates	10		133,648		136,378
Available for sale – financial assets	11		58,885		108,893
Total non-current assets			1,826,592		1,746,984
CURRENT ASSETS					
Inventories	12	42,942		22,142	
Trade and other receivables	13	176,684		220,565	
Other financial assets at FVTPL	14	82,850		113,852	
Cash and cash equivalents	15	25,294		29,357	
Total current assets			327,770		385,916
TOTAL ASSETS			2,154,452		2,132,900
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans and borrowings	18	297,874		273,457	
Deferred tax	19	160,666		158.235	
Total non-current liabilities		458,540		431.692	
CURRENT LIABILITIES					
Trade and other payables	16	220,366		348,658	
Loans and borrowings	17	174,927		158,627	
Taxation		4,802		4,979	
Total current liabilities		400,096		512,264	
TOTAL LIABILITIES			858,636		943,956
TOTAL NET ASSETS			1,295,727		1,188,944
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Share capital	20		350,000		350,000
Revaluation reserves			611,412		504,725
Cumulative translation reserve			(228,544)		(231,960)
Retained earnings			339,865		350,138
Legal reserve			65,188		61,856
			1,137,921		1,034,759
NON-CONTROLLING INTERESTS			157,806		154,185
TOTAL EQUITY			1,295,727		1,188,944

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2011

	2011 €'000	2011 €'000	2010 €'000	2010 €'000
NET (LOSS) / PROFIT FOR THE YEAR		(8,164)		3,793
Adjustments for:				
Depreciation of property, plant & equipment	17,165		18,030	
Share of losses/(profits) of associates	(11,999)		1,494	
Exchange (gain)/loss	1,300		(44,129)	
Profit on sale of non-current assets	(4,734)		(2,546)	
Finance income	(3,382)		(9,362)	
Finance costs	13,178		12,706	
Income tax expense	3,504		7,229	
Change in fair value of investment property	(23,400)		97	
Impairment of non-current investment	-		32,726	
		(8,368)		16,245
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		(16,532)		20,038
WORKING CAPITAL CHANGES				
Increase in inventories	(25,315)		(8,626)	
Decrease/(increase) in receivables	43,881		(2,323)	
(Decrease)/increase in payables	(122,864)		24,715	
Exchange movement relating to working capital	1,921		(8,675)	
Income tax paid	(3,681)		(4,905)	
		(106,058)		186
NET CASH FLOW FROM OPERATING ACTIVITIES		(122,590)		20,224
CASH FLOW FROM INVESTING ACTIVITIES				
Finance income	3,382		9,362	
Purchase of property, plant and equipment	(7,784)		(28,149)	
Proceeds from sales of property, plant and equipment	12,206		10,990	
Proceeds from sales of investment property	-		3,430	
Purchase of non-current financial assets	(2,467)		(753)	
Decrease in other financial assets at FVTPL	31,002		10,976	
Purchase and disposal of investment in associates	17,304		(4,668)	
Proceeds from sales of non-current financial assets	53,861		58	
NET CASH FLOW FROM INVESTING ACTIVITIES		107,504		1,246
NET CASH FLOW FROM OPERATING ACTIVITIES AND INVESTING ACTIVITIES – *carried forward*		(15,086)		21,470

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2011 *(continued)*

	2011 €'000	2011 €'000	2010 €'000	2010 €'000
NET CASH FLOW FROM OPERATING ACTIVITIES AND INVESTING ACTIVITIES – *brought forward*		(15,086)		21,470
CASH FLOW FROM FINANCING ACTIVITIES				
Increase in loans	45,629		55,305	
Finance costs	(13,178)		(12,706)	
NET CASH FLOW FROM FINANCING ACTIVITIES		32,451		42,599
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,365		64,069
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR				
Cash at bank	29,357		30,728	
Bank overdrafts	(16,200)		(67,193)	
Effects of exchange rate changes	(16,516)		(14,447)	
		(3,359)		(50,912)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		14,006		13,157
Cash and cash equivalents at the end of the year comprise:				
Cash at bank		25,294		29,357
Bank overdrafts		(11,288)		(16,200)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		14,006		13,157

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Share capital	Revaluation reserve	Cumulative translation reserve	Retained earnings	Legal reserve	Total shareholders' equity	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 31 December 2009	350,000	494,828	(230,305)	387,944	33,809	1,036,276	176,103	1,212,379
Restatement				(11,345)		(11,345)	11,345	-
At 31 December 2009, as restated	350,000	494,828	(230,305)	376,599	33,809	1,024,931	187,448	1,212,379
Revaluation of non-current								
Financial assets	-	(1,930)	-	-	-	(1,930)	-	(1,930)
Revaluation of freehold properties	-	23,856	-	-	-	23,856	21,667	45,523
Deferred tax on revalued properties	-	(12,029)	-	-	-	(12,029)	-	(12,029)
Currency translation differences	-	-	(1,655)	-	-	(1,655)	-	(1,655)
Other comprehensive income	-	9,897	(1,655)	-	-	8,242	21,667	29,909
Profit/(loss) for the year	-	-	-	3,020	-	3,020	773	3,793
Restatement				(1,434)		(1,434)	1,434	-
Total comprehensive income for the year	-	9,897	(1,655)	1,586	-	9,828	23,874	33,702
Transfer to legal reserve	-	-	-	(28,047)	28,047		(57,137)	-
At 31 December 2010, as restated	350,000	504,725	(231,960)	350,138	61,856	1,034,759	154,185	1,188,944

Revaluation of non-current								
Financial assets	-	1,385	-	-	-	1,385	-	1,385
Revaluation of freehold properties	-	112,694	-	-	-	112,694	4,845	117,539
Deferred tax on revalued properties	-	(7,392)	-	-	-	(7,392)	-	(7,392)
Currency translation differences	-	-	3,416	-	-	3,416	-	3,416
Other comprehensive income	-	106,687	3,416	-	-	110,103	4,845	114,948
Loss for the year	-	-	-	(6,941)	-	(6,941)	(1,224)	(8,165)
Total comprehensive income for the year	-	106,687	3,416	(6,941)	-	103,162	3,621	106,783
Transfer to legal reserves	-	-	-	(3,332)	3,332	-	-	-
At 31 December 2011	350,000	611.412	(228,544)	339,865	65,188	1,137,921	157,806	1,295,727

Notes to the Financial Statements

1. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements are presented in Euros because that is the functional currency of the parent company. The parent company is a non-trading holding company located in Luxembourg and has euro denominated share capital and whose primary activity is the holding of investments. All values are rounded to the nearest thousand Euros (€'000) except where otherwise indicated.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain current and non-current asset investments, freehold property and investment property.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Restatement

During the year, the board of directors has discovered that the non controlling interest for one consolidated subsidiary was not properly determined in prior year. The 2010 comparatives have been restated and the equity attributable to the equity holders of the parent reduced by Euro 12.779.455 to reflect the adjustments required. Under paragraph 10 (f) of IAS 1 Presentation of financial statements, this restatement would ordinarily require the presentation of a statement of financial position as at 1 January 2010. However, as this restatement would not have a material impact on the statement of financial position and on the statement of comprehensive income as at that date, the Directors do not consider that this would provide useful additional information consequently, have not presented a third statement of financial position. The impact of the restatement is disclosed in the statement of changes in equity.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2011

None of the following new standards, interpretations and amendments, effective for the first time from 1 January 2011, has had a material effect on the financial statements.

Classification of Rights Issues (Amendment to IAS 32)
IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
Amendment to IFRS 1: First-time Adoption of International Financial Reporting Standards
Amendments to IAS 24: Related Party Disclosures
Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement
Improvements to IFRSs (May 2010)

b) *New standards, interpretations and amendments not yet effective*

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements:

Effective for annual periods beginning on or after 1 January 2012:

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income
IAS 12 Income Taxes – Recovery of Underlying Assets

Effective for annual periods beginning on or after 1 January 2013:

IAS 19 Employee Benefits (Amendment)
IAS 27 Separate Financial Statements (as revised in 2011)
IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
IFRS 9 Financial Instruments: Classification and Measurement
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Involvement with Other Entities
IFRS 13 Fair Value Measurement

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2011 and which have not been adopted early, is expected to have a material effect on the Group's future financial statements.

Basis of consolidation

The Group accounts comprise the accounts of General Mediterranean Holding SA SPF and its subsidiaries made up to 31 December 2011. The principal subsidiaries are shown in note 10. Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they form a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the purchase method of accounting.

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. For business combinations completed prior to 1 January 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date are treated as an adjustment to cost and, in consequence, result in a change in the carrying value of goodwill.

For business combinations completed on or after 1 January 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Non-current intangible assets

Product licences and other non-current assets are stated at cost. Amortisation is provided on a straight line basis at rates calculated to write off their cost over their expected useful lives at the following rates:

• Product licences	3.33% per annum
• Formation and share issue costs	20.0% per annum

Non-controlling interests

For business combinations completed on or after 1 January 2010 the Group has the choice, on a business combination by business combination basis, to initially recognise any non-controlling interest in the acquiree at either acquisition date fair value or, as was required prior to 1 January 2010, at the non-controlling interest's proportionate share of the acquiree's net

assets. The Group has not elected to take the option to use fair value in acquisitions completed to date. From 1 January 2010, the total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the Group. In accordance with the transitional requirements of IAS 27 consolidated and separate financial statements (revised 2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated balance sheet at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated income statement except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses. The principal associates are listed in note 10.

Financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are initially recognised at the fair value of consideration given, including acquisition costs associated with the investment. Any premiums and discounts are amortised on a systematic basis to maturity using the effective interest method and taken to interest income or interest expense as appropriate.

a) Date of recognition

All "regular way" purchases and sales of financial assets are recognised on the settlement date, i.e. the date that the bank receives or delivers the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

b) Determination of fair values

The fair value of a financial instrument is the amount the instrument could be exchanged for in a current transaction between willing parties other than in a forced or liquidation sale. The fair value of financial instruments is based on market prices where available.

c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; or
- the bank has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.
More information on the individual financial asset and liability categories of the Group are as follows:

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity and does not have financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method are recognised in profit or loss.

Notes to the Financial Statements

1. Accounting Policies (continued)

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

Fair value through profit or loss

Financial liabilities under this category are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. These instruments, issued by Group comprise convertible preferred equity certificates that can be converted into share capital at the option of the holder and the number of shares to be issued does not vary with changes in their fair value. However, as the Company may, instead of converting the convertible preferred equity certificates into share capital, decide to redeem the certificates at their fair value, the option of conversion is countered. In the latter case, the split accounting method is not applied and no distinction is to be made between a liability and equity component.

The Group does not hold or issue derivative instruments for speculative purposes nor for hedging purposes. The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

a) Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and any interest or coupon payable while the liability is outstanding.

b) Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value measurement hierarchy:
IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

(a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
(b) Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
(c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and liabilities are classified in their entirety into only one of three levels.

Property, plant & equipment

Freehold land and buildings are carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss. Those properties that have been purchased during the course of the year have been included at cost at the financial year end.

All other assets are stated at cost less depreciation, less any provision for impairment. No depreciation is provided on freehold land. Depreciation on buildings and other assets is provided on a straight line basis at rates calculated to write off their cost or valuation over their expected useful lives at the following rates:

• Freehold buildings and long leasehold properties	2% to 6% per annum
• Short leasehold properties	over the remaining term of lease
• Plant, machinery and equipment	10% to 33.33% per annum

Profits or losses on the sale of non-current property, plant, machinery and equipment are included in the income statement and are calculated as the difference between sale proceeds and net book value.

Investment properties

Investment properties are those from which the Group receives rental income. These are carried at market value and are revalued on an annual basis. Valuations of the investment properties are carried out by professional valuers on an open-market basis, assuming a willing buyer, a willing seller and existing use and such valuations are carried out on a rolling basis over a period of several years. Where a professional valuation is not carried out at the year end, these properties are valued by the Directors. The change in fair value in respect of the investment properties is recognised in the consolidated statement of comprehensive income.

Deferred taxation

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted. Full provision has been made for deferred taxation on any profit which would arise on disposal of a property at its revalued amount. The provision is deducted from the revaluation of the freehold properties in the revaluation reserve.

Revenue

Revenue, which excludes value added tax and sales between Group companies, represents the total amount receivable for goods sold and services provided. Revenue from the sale of goods is recognised when the revenue and costs in respect of the transaction can be measured reliably and after control over the goods and the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenue from the provision of services is recognised when the revenue and

costs in respect of the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the provider. Revenue from property rentals is recognised on a time apportioned basis.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised by reference to the stage of completion of the contract at the balance sheet date. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion is determined based on the proportion of costs incurred for work performed up to date, relative to the estimated total contract costs. This is regularly reviewed and updated by the Group.

Interest and dividends

Interest is recognised on a time apportioned basis. Dividends are recognised when the shareholders' right to receive payment is established.

Finance and operating leases

Operating lease costs are charged against profit on a straight line basis over the term of the lease. Where non-current assets are financed by entering into leasing agreements, which transfer to the lessee substantially all benefits and risks of ownership, the assets are treated as if they had been purchased and included in non-current assets and the capital element of the leasing commitments is shown as obligations under finance leases. The finance lease rentals are treated as consisting of capital and interest elements; the capital element is applied to reduce the outstanding obligations and the interest element is charged against profit.

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost, which comprises expenditure incurred in the normal course of business in bringing inventories and work in progress to their present location and condition including appropriate overheads, is calculated on bases appropriate to the various businesses carried on by the Group. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

Foreign currency transactions

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation. Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value

and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into Euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Legal reserve
The parent company and certain subsidiaries incorporated in relevant jurisdictions are required to allocate 5% of their annual profits to a non-distributable legal reserve until the legal reserve of the company is equal to 10% of its issued share capital.

2. Critical accounting estimates and judgements
The preparation of consolidated financial statements under IFRS requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The financial statement categories where estimates and judgements have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted using valuation techniques. These techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. The methods and assumptions applied and techniques used are set out in note 22.

Power to exercise significant influence
Where the Group holds less than 20% of voting rights, but has the power to exercise significant influence, such investment is treated as an associate. Where the Group holds over 20% of the voting rights but does not exercise significant influence, the investment is treated as an available for sale investment.

In accordance with SIC12, Consolidation - Special Purpose Entities, a Special Purpose Entity "SPE" should be consolidated when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity. The Group has determined that in cases where it does not hold more than 50% of an entity, that entity shall be consolidated if: it has the rights or decision-making powers to obtain the majority of the benefits of the activities of an

entity; it retains the majority of the residual or ownership risks related to the entity or its assets in order to obtain benefits from its activities.

Express Asia Limited, a company incorporated in Hong Kong, has been included in the consolidation of the Group because it is controlled by the Group and the Group is entitled to the residual assets and risks associated to this company.

Valuation of investment properties, freehold and leasehold buildings

Independent valuations of investment property and freehold and leasehold land and buildings are carried out on a periodic basis.

2. Critical accounting estimates and judgements *(continued)*

Useful lives of intangible assets and property, plant & equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the Group's estimates of the period that the assets will generate revenue. Changes to estimates can result in significant variations in the carrying values and in the amounts charged to the income statement.

3. Financial risk management

The Group is exposed through its operations to risks that arise from its use of financial instruments. Policies and procedures for managing these risks are set by the Board following recommendations from the Chief Financial Officer. The Board reviews the effectiveness of these procedures and, if required, approves specific additional policies and procedures in order to manage these risks. The Group is exposed to the following financial risks:

- Market price risk
- Interest rate risk
- Foreign currency exchange risk
- Credit risk
- Liquidity risk
- Capital risk

Set out below are the key financial instruments used by the Group, followed by an explanation of the Group's policies and procedures for managing those risks. Further quantitative information in respect of these risks is set out in note 22 to these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks or in its policies and procedures for managing these risks from the previous period.

Key financial instruments

The key financial instruments used by the Group, on which financial risk arises, are as follows:

- Available for sale financial assets
- Other financial assets
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank loans and overdrafts
- Other financial liabilities

3. Financial risk management (continued)

The Group's main financial risks, together with its policies and procedures for managing these risks, are as follows:

Market price risk

The Group is exposed to market price risk because of investments held by the Group which are classified in the consolidated balance sheet as available-for-sale or at fair value through the income statement. The investments include both quoted investments and unquoted investments and are classified as current or non-current according to the Group's strategic investment policies. The Group is not exposed to commodity price risk. At the balance sheet date, a one percentage point movement in market values would affect the results by less than €6 million (2010 - €2 million).

To manage its price risk arising from investments in equity securities and options, the Group diversifies its portfolio. Diversification of the portfolio is determined in accordance with the policy set by the Group's senior management and the Directors consider that the Group's exposure to market price risk is appropriate to the Group's circumstances.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of financial assets or liabilities will fluctuate due to changes in market interest rates. There is a risk of a potential adverse impact on the Group's future cash flows from changes in interest rates which arises from the differing interest rate risk characteristics of the Group's assets and liabilities. The Group's principal exposure to interest rate risk arises on changes in Euro, US dollar and Sterling interest rates. In particular, any fixed rate assets or liabilities expose the Group to the risk that a change in interest rates could cause either a reduction in interest income or an increase in interest expense relative to variable rate interest flows.

To manage exposure to interest rate fluctuations, the Group determines its proportion of fixed to floating rate borrowings in accordance with policies approved by the Board. In the case of surplus cash flows, the Group monitors interest rates to ensure that surplus funds are invested where the best return can be obtained. These practices serve to reduce the volatility of the Group's reported financial performance arising from interest rate fluctuations. At the balance sheet date, a one percentage point movement in interest rates would affect the results by less than €1million (2010 – less than €1million).

Foreign currency exchange risk

The Group conducts business in many countries. As a result, it is subject to foreign currency exchange risk due to exchange rate movements which will affect the Group's transaction costs and the translation of the results and underlying net assets of its foreign operations. There is a risk of a potential adverse impact on the Group's future cash flows arising from changes in foreign currency exchange rates.

The majority of the Group's transactions are conducted in US Dollars and Euros. The other currencies used in operations are GBP, JOD, EGP, INR, KRW, LBP, MAD, TND, BRL, CNY, HKD, SYP and CAD. The Group continually monitors its exposure to foreign currency exchange risk on a daily basis and takes steps to ensure that the net exposure is kept to a level in accordance with the policies set by the Board. Where a foreign exchange exposure is identified an appropriate hedge arrangement may be entered into if required. The Group has not entered into forward foreign exchange agreements during 2011 or 2010.

3. Financial risk management (continued)

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from the trade and other receivables held at the balance sheet date. All such receivables are non-derivative financial assets with fixed or determined payments or other types of contractual monetary asset. The Group's maximum exposure to credit risk equals the carrying value of those financial assets. The Group's policy is to address any credit risk by individual credit risk assessment. In practice, the Group has limited credit risk as the receivables in the balance sheet are predominantly due from well established trade customers or credit worthy third parties. Furthermore, there is no concentration of credit risk with respect to trade and other receivables, as the Group has a large number of customers which are internationally dispersed. The relationships are monitored closely and, given the ongoing nature of trading with such counterparties, the risk of default is considered to be low.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group's policy in respect of cash and cash equivalents is to limit its exposure by reducing the cash holding in the operating units and investing amounts that are not immediately required in funds that have low risk and which are operated by reputable banks. The cash and bank balances held by the operating units are collated on a monthly basis and are reviewed by the Group's senior management to ensure that any surplus cash is appropriately invested.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments required on its debt instruments. The Group monitors its liquidity position in order to ensure that sufficient liquid resources are available to allow the Group's operating units to meet their obligations as they fall due. The Group maintains long-term committed bank facilities and use is made of such facilities in the management of liquidity. Liquidity exposures are strictly limited by time and amount. Where the Group has surplus funds, deposits are placed with reputable institutions to optimise the rate of return. The majority of surplus funds are held in Europe and in the United States of America and there are no material funds where repatriation is restricted as a result of foreign exchange regulations. The Group expects to have sufficient liquidity to meet its entire financial obligations under all reasonably expected circumstances.

Capital risk

The Group manages its capital to ensure that it will have sufficient funds to meet its longer term strategic plans. The capital structure consists of net debt, issued share capital and reserves. The structure is managed to minimise the Group's cost of capital, to provide ongoing returns to shareholders and to service debt obligations, whilst maintaining maximum operational flexibility. The primary objective of the Group is maximising shareholders' value, which, from the capital perspective, is achieved by maintaining the capital structure most suited to the Group's size, strategy and underlying business risk. Surplus funds are either reinvested in the business or used to repay debt.

Notes to the Financial Statements

4. Revenue

	2011	2010
	€'000	€'000
Provision of services	145,126	141,264
Sale of goods	8,472	7,165
	153,598	148,429

Analysis of revenue by activity

	2011	2010
	€'000	€'000
Real Estate & Construction	81,337	64,570
Hotel & Leisure	63,187	74,965
Industrial & New Media	9,074	8,894
	153,598	148,429

Analysis of revenue by geographical market

	2011	2010
	€'000	€'000
Europe	106,575	92,739
Africa & Middle East	45,935	54,805
USA & Canada	1,088	885
	153,598	148,429

5. Profit / (loss) from operations

	2011	2010
	€'000	€'000
This is stated after charging / (crediting):		
Depreciation of non-current property, plant and equipment	17,165	18,030
Staff cost	32,413	30,877
Social security costs	2,894	1,012
Rental income from investment properties	(6,190)	(7,279)
Repair and maintenance expenditure on investment properties	193	480

The average number of employees during the year was 3,380 comprising 3,223 operational staff and 157 administrative staff (2010 3,524; operational – 3,372; administrative 152). In the income statement staff cost, amortisation and depreciation and repair and maintenance expenditure are included within net operating expenses. Rental income is included within the provision of services category of revenue.

Fees payable to the Group's auditors (comprising the auditors of the holding company and other firms within the Group auditors' network) were €316,000 in respect of audit work and €10,000 in respect of non-audit work (2010 - €141,500 and €16,000 respectively).

6. Finance income and costs

	2011	2010
	€'000	€'000
Finance income:		
Interest on deposits and advances	3,382	9,362
	3,382	9,362

	2011	2010
	€'000	€'000
Finance costs:		
Interest on loans and overdrafts	12,340	12,327
Bank charges and commissions	838	379
	13,178	12,706

7. Tax

Analysis of tax charge for the year between current and deferred tax:

	2011	2010
	€'000	€'000
Current tax		
Current year	3,610	2,389
Adjustment in respect of prior years	(748)	3,926
Total current tax	2,861	6,315
Deferred tax		
Origination and reversal of temporary differences	643	914
Tax charge on profit for the year	3,504	7,229

7. Tax *(continued)*

Analysis of tax charge for the year by source:

	2011 €'000	2010 €'000
Current tax		
Luxembourg	388	365
Overseas	2,473	5,950
Deferred tax		
Overseas	643	914
Tax charge on profit for the year	3,504	7,229

Reconciliation of tax charge for the year:

	2011 €'000	2010 €'000
(Loss) / Profit from continuing operations before tax	(7,326)	11,022
Tax at local rate of 28.80% (2010 : 28.59%)	(2,110)	3,151
Tax charge for the year at the fixed domestic rate applicable in Luxembourg	388	365
Capital duties and other taxes	888	770
Unrecovered withholding taxes	38	35
Net effect of different rates of tax applicable to overseas businesses	4,300	2,908
Tax charge on profit for the year	3,504	7,229

Factors that may affect future tax charges:

The Group is involved in worldwide operations and is subject to several factors which may affect future tax charges, principally the levels and mix of profitability in different jurisdictions and tax rates imposed.

Notes to the Financial Statements

8. Non-Current Assets – Property, plant & equipment

	Freehold properties	Leasehold properties	Plant & equipment	TOTAL
Current Year	€'000	€'000	€'000	€'000
Cost or Valuation				
Brought forward at 1 January 2011	1,265,992	39,140	197,449	1,502,581
Exchange differences	(3,127)	192	2,564	(371)
Additions	-	45	7,739	7,784
Disposals	(294)	(54)	(5,755)	(6,103)
Revaluations	117,539	-	-	117,539
Carried forward	1,380,110	39,323	201,997	1,621,430
Depreciation				
Brought forward at 1 January 2011	-	17,495	142,507	160,002
Exchange differences	-	(90)	1,805	1,715
Charge for year	10,346	176	6,643	17,165
Disposals	-	54	1,315	1,369
Revaluations	(10,346)	-	-	(10,346)
Carried forward	-	17,635	152,270	169,905
Net Book Value				
At 31 December 2011	1,380,110	21,688	49,727	1,451,525
Prior Year				
Cost or Valuation				
Brought forward at 1 January 2010	1,178,144	38,414	173,253	1,389,811
Exchange differences	38,524	726	9,255	48,505
Additions	11,988	-	16,161	28,149
Disposals	(8,187)	-	(1,220)	(9,407)
Revaluations	45,523	-	-	45,523
Carried forward	1,265,992	39,140	197,449	1,502,581
Depreciation				
Brought forward at 1 January 2010	10,449	17,285	130,583	158,317
Exchange differences	1,545	17	3,990	5,552
Charge for year	8,940	193	8,897	18,030
Disposals	-	-	(963)	(963)
Revaluations	(20,934)	-	-	(20,934)
Carried forward	-	17,495	142,507	160,002
Net Book Value				
At 31 December 2010	1,265,992	21,645	54,942	1,342,579

8. Non-Current Assets – Property, plant & equipment (continued)

Certain freehold properties shown in these accounts at a net book value of € 824.8 million (2010 - €811.9 million) have been mortgaged to banks.
The Group has recognised impairment losses of EUR 7 million on revalued properties. This impairment loss has been recognised directly through revaluation reserves.

A number of the group's hotel and hospitality businesses in the Middle East and North Africa have been adversely affected by the unrest in the area. Included in the carrying value of the hotels at 31 December 2011 are properties over which the impact has been worth noting as below.

Le Royal Amman (Jordan) - independent valuation

The property was last valued by a reputable local appraisal company in February 2009 at €258M. Whilst revenue increased 3% to 9% annually from 2010 to 2012, it reflected a 10% decline in the first half of the annualised 2013 revenue. This is attributable the unsettled state of affairs in certain countries in the neighbourhood. This is amidst improving profitability from a loss of €1.7 million in 2010 to profit of €139,000 in 2012.

Le Royal Beirut (Lebanon) - independent valuation

The property was last valued by a reputable local appraisal company in August 2010 at €192M. With the ongoing civil and political tenseness in the region, the hotel turnover declined by 10% between 2010 and 2011 which reflected in a further drop of about 20% between 2011 and 2012. The profitability reflected a similar curve.

Development Land Syria - at cost

The cost of €47m represents nine parcels of land acquired for development in Syria. In view of the ongoing conflicts the group has deferred development plans on the property until the situation improves. Management believes that the continuing devaluation of the Syrian pound will be the best reflection of the changes in the value of the property. During the year, €5.8m was recognised as a translation loss, representing 11% of the prior carrying value.
Post year-end, the Syrian pound devalued by 24% in 2012 and 48% in the current year to 30 September 2013 which will reduce the carrying value of the property in subsequent group accounts. Management believes that this will be offset against the improved value of the lands after the removal of building restrictions on some of the parcels.

Rowad Misr (Egypt) - at cost

The carrying value of €127M represents the consideration paid by the Group when it acquired a controlling stake in Rowad Misr for Touristic Investment in 2009. The price was based on a property valuation report of a local real appraisal company in November 2009, with only translation gains/losses causing the movement.
Due to the so-called Arab spring and adverse effect on tourism in Egypt, the Group's turnover from the Rowad hotels halved from 2010 to 2011. Although things have started to improve, as shown by a 14% increase in gross income in 2012, this continues to be significantly lower than pre-crisis revenue in 2010.

Similar to Syria, the devaluation of its currency is a best reflection of the economic implication of the circumstances in Egypt with a 6% decline in 2012 followed by a 12% reduction in the value of the Egyptian pound which will impact on the carrying value of the property in subsequent group accounts.

8. Non-Current Assets – Property, plant & equipment (continued)

Le Royal Hammamet (Tunisia) - directors' valuation

Despite the political turmoil, which started in January 2011, hitting much of the Tunisian tourism industry, the hotel managed to improve its turnover in each year from 2010 to 2012. The directors therefore continue to believe that €48M would be the best estimate of the property's fair value.

As with Syria and Egypt, the devaluation of the currency being the best reflection of the economic implication of the circumstances in Tunisia with a 5% decline in 2012 followed by a 8% reduction in the value of the its dinar, which will reduce the carrying value of the property in subsequent group accounts.

The group has the resilience to hold on to its properties and operate them and takes a long term view and whilst there are no plans to sell, it may contemplate selling in the future at the right price. In view of the factors outlined above, the directors firmly believe that the carrying values of the individual properties continue to be appropriate and no impairment exists at 31 December 2011.

9. Non-Current Assets - Investment properties

	2011	2010
	€'000	€'000
At beginning of period	159,134	162,661
Revaluations	22,218	(2,141)
Exchange differences	1,182	2,044
Disposals	-	(3,430)
At end of period	182,534	159,134

10. Investment in Associates and Subsidiaries.

The Group's investment in principal associate companies includes:

NAME OF ASSOCIATE	COUNTRY OF INCORPORATION	ACTIVITY	EFFECTIVE %
Arab Company for Production and Distribution	Egypt	Film Distribution	46.0
Concord for Touristic Development JSC	Egypt	Hotel Investment & Management	45.0
Masters Company for Hotels and Tourism SAE	Egypt	Hotel Investment &Management	33.3
Sharm Group for Hotels SAE	Egypt	Hotel Investment &Management	33.3
Sharm Today for Hotel Facilities SAE	Egypt	Hotel Investment &Management	33.3
Sharm Dreams for Touristic Investment JSC	Egypt	Hotel Investment &Management	32.0
Dead Sea Company for Touristic Development Pvt	Jordan	Hotel Investment &Management	30.0

Notes to the Financial Statements

10. Investment in Associates and Subsidiaries (continued)

Aggregated amounts relating to associates are set out below.

	2011 €'000	2010 €'000
Share of associate companies' balance sheets:		
Total assets	196,876	194,672
Total liabilities	(63,228)	(58,294)
Net assets	133,648	136,378

	2011 €'000	2010 €'000
Share of associate companies' revenue and profit attributable to the Group:		
Revenue	26,783	21,367
Share of net profit/(loss)	11,999	(1,494)

Included in the above is share of loss of Sonesta amounting to €5.4 million (2010:€5 million).

	2011 €'000	2010 €'000
Other movements in associate companies:		
Additions less disposals	-	4,668
Exchange differences and other movements	2,575	686
	2,575	5,354

Where an associate has cumulative losses, the Group only recognises its share of those losses to the extent that the Group's investment is written down to €Nil.

11. Non-Current Assets - Investment in Associates and Subsidiaries (continued)

The Group's principal wholly owned subsidiaries at the year end are shown below. All companies are owned directly or indirectly by General Mediterranean Holding SA.

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	ACTIVITY
Harborough Invest Inc	British Virgin Islands	Real Estate
Ilien Real Estate SA	British Virgin Islands	Real Estate
Le Royal Hotel Management Company SA	British Virgin Islands	Hotel Management
Ludo Estates Inc	British Virgin Islands	Investment Holding
Oval Development Corporation	British Virgin Islands	Investment Holding
Development & Trade Corporation	Canada	Real Estate
Bernard de Ventador SA	France	Hotel Management
Louicannes SA	France	Hotel Investment
SCI de la Grande Motte	France	Hotel Investment
Chennai Power Generation Ltd	India	Power Generation
Atlantic Real Estate Company SA	Luxembourg	Hotel Investment
Continental Real Estate Company SA	Luxembourg	Real Estate
Foncière Générale d'Investissements Immobiliers SA	Luxembourg	Real Estate
GMH Telecommunications Ltd	Luxembourg	Telecom Investment
Grandin SA	Luxembourg	Investment Holding
Hotel Royal SA	Luxembourg	Hotel Management
Immobilière Beaumont SA	Luxembourg	Real Estate
Immobilière de Gestion Financière SA	Luxembourg	Investment Holding
Immobilière du Quartier K SA	Luxembourg	Real Estate
Immobilière Royale SA	Luxembourg	Real Estate
Le Domaine Sàrl	Luxembourg	Real Estate Management
Louisiane SA	Luxembourg	Investment Holding
Marial Immobilière SA	Luxembourg	Real Estate
Mediterranean Holding SA	Luxembourg	Investment Holding
Parcip SA	Luxembourg	Investment Holding
Soludec SA	Luxembourg	General Contractors
Soludec Development Sarl	Luxembourg	General Contractors
Union Financière Immobilière Luxembourgeoise SA	Luxembourg	Real Estate
General Mediterranean Holding (Mauritius) Ltd	Mauritius	Investment Holding
Société Famarex Sàrl	Morocco	Real Estate

NOTES TO THE FINANCIAL STATEMENTS

11. Non-Current Assets - Investment in Associates and Subsidiaries (continued).

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	ACTIVITY
Société Immobilière du Bld de Bordeaux SA	Morocco	Real Estate
Beston Services Inc	Panama	Investment Holding
CV Investment Corporation	Panama	Securities
Continental Cargo & Trade Services Inc	Panama	Aircraft Leasing
Fintrade Services Inc	Panama	Trading & Consulting
Geralton Investment SA	Panama	Investment Holding
Hornilia Company SA	Panama	Investment Holding
Jodrell Investment Corporation	Panama	Aircraft leasing
Matlane Services Inc	Panama	Investment Holding
Middle East Finance Corporation	Panama	Finance
Triclor Services Inc	Panama	Finance
Tropic Petroleum Corporation	Panama	Real Estate
Hotel Miguel Angel SA	Spain	Hotel Investment
Aviation G5 AG	Switzerland	Aviation
Al Ofuq (Horizon) Pvt	Syria	Real Estate
Blissful Life Ltd	United Kingdom	Retail Pharmacies
General Mediterranean Holding (UK) Ltd	United Kingdom	Investment Holding
GenMed Commercial Finance Ltd	United Kingdom	Finance
GM Airlines Ltd	United Kingdom	Air Freight
GM Finance Ltd	United Kingdom	Finance
GMH Motorsport Ltd	United Kingdom	Sport Management
Hyde Park Estates Ltd	United Kingdom	Real Estate Management
Meditech (UK) Ltd	United Kingdom	IT
Rootcare Ltd	United Kingdom	Retail Pharmacies

For the purposes of consolidation the following company has been included in the 2011 financial statements as the company is controlled by the majority shareholders of General Mediterranean Holding SA SPF.

Express Asia Limited	Hong Kong	Finance

Notes to the Financial Statements

The Group's principal partially owned subsidiaries at the year end are shown below, together with the effective percentage held, directly or indirectly, by General Mediterranean Holding SA.

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	ACTIVITY	EFFECTIVE %
International Continental Hotels Co. SAE	Egypt	Hotel Investment	51.4
Mediterranean Hotel Company SAE	Egypt	Hotel Investment	88.0
Rowad Misr Company for Tourism Investment JSC	Egypt	Hotel Investment & Management	56.4
Compagnie Européenne d'Hôtellerie SA	France	Hotel Management	55.0
General Mediterranean Touristic & Industrial Investments Co.	Jordan	Hotel Investment	95.0
General Mediterranean Real Estate Ltd	Jordan	Real Estate	96.1
Central Hill SAL	Lebanon	Hotel Investment	93.8
General Tourism Holding SAL	Lebanon	Hotel Investment	86.1
Ikarat wa Abnia SAL	Lebanon	Hotel Investment	80.5
Leisure Hill SAL	Lebanon	Hotel Investment & Management	93.8
Libanograde Regency SAL	Lebanon	Hotel Investment	93.8
Compagnie Internationale de Participations Bancaires et Financières SA (Cipaf)	Luxembourg	Equity and Securities Investment	96.0
Luxembourg Real Estate Company SA	Luxembourg	Real Estate	90.0
Compania Rentistica SA	Morocco	Real Estate	80.0
Complex Commercial Achtar Sàrl	Morocco	Real Estate	80.0
Minville SA	Morocco	Hotel Investment & Management	80.0
Peshell SA	Morocco	Real Estate	68.0
Gen Med Tours SA	Tunisia	Hotel Investment & Management	95.0
Loisirs Club Hammamet SA	Tunisia	Hotel Investment	95.0
China Manufacturing Solutions Ltd	United Kingdom &China	Metal Fabrication	51.0
Arabic News Broadcasting UK Ltd	United Kingdom	News Broadcasting	76.0
Italgrade Ltd	United Kingdom	Trading & Consultancy	96.7
Middle East Online Ltd	United Kingdom	Interactive News	55.0
Tucan Investments Plc	United Kingdom	Real Estate	91.1
Riverside District Development LLC	United States	Real Estate	85.8

11. Available for sale - Financial assets

	2011	2010
	€'000	€'000
Available for sale investments		
Quoted	17,496	6,554
Unquoted	41,389	102,339
	58,885	108,893

The movements in available for sale non-current financial assets during the year were as follows:

	2011	2010
	€'000	€'000
Balance at beginning of the year	108,893	174,380
Additions	2,467	753
Disposals	(53,861)	(58)
Reclassifications	-	(31,526)
Revaluations:		
Reflected directly in equity	1,386	(1,930)
Impairment:		
Reflected in profit and loss	-	(32,726)
Balance at end of the year	58,885	108,893

Disposals during the period

In October 2010, the Group received an offer in the form of shares and cash from Vimpel Com Limited for the Group's investment in the shares of WIND Telecom SPA (formerly Weather Investments SPA). In 2011, the offer was revised to cash terms only and on 8 April 2011, the Group accepted the cash offer. In the financial statements at 31 December 2010, a provision of €32.7 million was made against the carrying value of Wind Telecom Spa in order to reflect the anticipated impairment in the value of the investment. In 2011, the investment was sold with a further loss of €5.7 million.

12. Inventories

	2011	2010
	€'000	€'000
Raw materials	2,220	3,794
Work in progress	31,570	8,991
Finished goods for resale	9,152	9,357
	42,942	22,142

Under paragraph 40, 42 and 45 of IAS 11 Construction Contracts, the Group would ordinarily be required to disclose additional information about the construction contracts . However, as the Directors do not consider that this would provide useful additional information, this information has not been disclosed

13. Trade and other receivables	2011	2010
	€'000	€'000
Trade receivables	115,325	196,451
Amounts owed by associate companies	61,359	24,114
	176,684	220,565

14. Financial assets at fair value through profit and loss	2011	2010
	€'000	€'000
Fair value through profit and loss held for trading	82,850	113,852
	82,850	113,852

A total of €52 million (2010 - €53 million) has been pledged as security for bank facilities and borrowings.

15. Cash and cash equivalents

Cash at bank at 31 December 2011 did not include any amounts pledged as security for bank facilities or other borrowings (2010 - €Nil).

16. Current liabilities: Trade and other payables

	2011	2010
	€'000	€'000
Trade and other creditors	203,992	338,629
Construction progress payments	16,374	10,029
	220,366	348,658

17. Current Liabilities: Loans and borrowings	2011	2010
	€'000	€'000
Bank loans	163,639	142,427
Bank overdraft	11,288	16,200
	174,927	158,627

The terms and conditions associated with these facilities are disclosed in note 18.

Notes to the Financial Statements

18. Non-current liabilities: Loans and borrowings	2011	2010
	€'000	€'000
Subordinated convertible participating notes	140,000	140,000
Secured bank loans	90,274	103,681
Shareholders' loans	13,741	9,458
Other liabilities	53,859	20,318
	297,874	273,457

Bank loans and overdrafts: significant terms and conditions

Currency	Excess over interbank rate	2011 Overdrafts €'000	2011 Loans <1 year €'000	2011 Loans >1 year €'000	2010 Overdrafts €'000	2010 Loans <1 year €'000	2010 Loans >1 year €'000
Euro	0.65% to 2.975% floating	7,303	73,694	37,492	4,883	68,531	8,929
USD	0.65% to 5.0% floating	39	61,481	-	3,871	61,624	47,239
GBP	0.0085% to 2.75% floating	4	16,673	7,048	4,061	2,301	15,438
JOD	2.5% floating	2,173	6,278	12,388	2,686	5,187	9,734
EGP	3.75% to 13.0 floating	968	2.176	28,040	34	3,913	17,457
TND	1.0% to 3.0% floating	811	674	1,945	665	871	1,415
Other	1.0% to 5.0% floating	-	2,664	3,361	-	-	3,469
		11,288	163,639	90,274	16,200	142,427	103,681

Interest rates are based primarily on Libor or equivalent interbank offered rates in other countries. There is no material difference between the fair value and the book value of these loans. Secured Loans are repayable over a period of up to 8 years. Credit facilities of the equivalent of € 215.5 million (2010 - €211.2 million) are secured on certain properties included in these accounts at a net book value of € 824.8 million (2010 - €811.9 million). Shareholders' loans are interest free and have no fixed date for repayment. The subordinated convertible participating notes are convertible into 7,000,000 ordinary shares at a price of €20 per share until the year 2017 at the option of either the note holder or the parent company. These notes entitle the holders to interest at the rate of 1.5% per annum and in addition to a share of profits of the company up to a rate of 20% per annum of the nominal value of the notes, not to exceed the equivalent of the cumulative aggregate of the dividends paid by the company to its shareholders.

19. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates which vary from 15 % to 30% (2010 - 15% to 30%) in accordance with the rates applicable in the jurisdiction for tax purposes of the Group's subsidiaries. The movement on the deferred tax account, including amounts included in profit or loss and amounts recognised in other comprehensive income are as follows:

	2011	2010
	€'000	€'000
At 1 January	158,235	161,732
Recognised in profit and loss		
Tax expense	-	914
Recognised in other comprehensive income		
Revaluations of property and available for sale investments	2,431	12,029
Other movements		
Changes in tax rates from prior years	-	(16,440)
At 31 December	160,666	158,235

Details of the deferred tax liability are as follows:

	2011	2010
	€'000	€'000
Accelerated capital allowances	1,938	1,938
Revaluation	158,728	156,297
At 31 December	160,666	158,235

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, as the earnings are generally reinvested by the Group and there is no intention to pay dividends and therefore no tax arises on them in the foreseeable future. No deferred tax assets have been recognised (2010 – €Nil).

20. Share Capital

	2011	2010
	€'000	€'000
Ordinary shares of €20 each		
Authorised – 25 million shares	500,000	500,000
Issued, called up and fully paid – 17.5 million shares	350,000	350,000

21. Related Party Transactions

a) General Mediterranean Holding SA is a Luxembourg holding company which is controlled by a number of shareholders each of whom is considered to be a related party. As holders of subordinated convertible participating notes maturing on 31 December 2017, interest of €2.1million (2010 - €2.1 million) is payable to the shareholders.
b) Shareholders' loans of €13.7million (2010 -€ 9.5million) repayable on demand, are due from companies over which certain Directors have a significant influence. No interest has been charged for the year 2011 (2010 - €Nil).
c) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and comprise the Directors of the Company. Remuneration paid to key management during the year totalled €0.7million (2010: €0.7million) and are in the form of short term employee benefits.

22. Financial instruments and risk management

Details of the Group's financial assets and liabilities are set out below, together with an analysis of key risk exposures. At both 31 December 2011 and 31 December 2010, the fair value and the book value of the Group's financial assets and liabilities were materially the same.

Financial assets

A summary of the Group's financial assets is as follows:

	2011 €'000	2010 €'000
Available for sale financial assets	58,885	108,893
Trade receivables	127,134	196,451
Other receivables	49,550	24,114
Other financial assets held for trading at FVTPL	82,850	113,852
Cash and cash equivalents	25,294	29,357

In accordance with IAS 39, available for sale assets are classified as available for sale, other financial assets are classified as at fair value through profit and loss and trade receivables, other receivables and cash are classified as loans and receivables.

22. Financial instruments and risk management (continued)

Current year

Financial assets measured at fair value:

	Level 1 Quoted	Level 3 Unquoted	Total
	€'000	€'000	€'000
Available for sale financial assets	17,496	41,389	58,885
Other financial assets	68,791	14,059	82,850
	86,287	55,448	141,735

Prior year

Financial assets measured at fair value:

	Level 1 Quoted	Level 3 Unquoted	Total
	€'000	€'000	€'000
Available for sale financial assets	6,554	102,339	108,893
Other financial assets	100,921	12,931	113,852
	107,475	115,270	222,745

22. Financial instruments and risk management (continued)

The fair value of quoted securities is based on published market prices. The fair value of the unquoted securities is based on expected cash flows.

Available for sale financial assets are denominated in the following currencies:

	2011	2010
	€'000	€'000
EURO	-	51,869
USD	40,453	39,286
EGP	7,517	7,798
GBP	10,529	2,004
JOD	9	7,559
Other currencies	377	377
	58,885	108,893

Trade and other receivables

The Group's maximum exposure to credit risk is equivalent to the carrying value of its trade and other receivables balance at 31 December 2011 and 2010.

Under paragraph 37 (a & b) of IFRS 7 Financial Instruments: disclosures, the Group would ordinarily be required to disclose information about the age of financial assets and information about impaired financial assets. However, as the Directors do not consider that this would provide useful additional information, this information has not been disclosed.

	2011	2010
	€'000	€'000
Balance at beginning of the year	11,864	12,042
Charge to the income statement	12,785	1,051
Balances written off	-	(1,229)
Balance at end of the year	24,649	11,864

22. Financial instruments and risk management (continued)

Trade receivables are denominated in the following currencies:

	2011	2010
	€'000	€'000
EURO	27,118	142,279
USD	12,856	11,110
GBP	10,299	9,976
LBP	11,516	11,519
EGP	20,411	4,763
JOD	19,961	4,547
Other currencies	13,165	12,257
	115,325	196,451

The amounts shown above are disclosed net of the provision for bad and doubtful debts.

Other financial assets

The movement on current asset investments during the year was as follows:

	2011	2010
	€'000	€'000
Balance at beginning of year	113,852	124,828
Additions	13,673	21,555
Disposals	(30,558)	(22,568)
Revaluation	(14,117)	(5,901)
Reclassifications	-	(4,062)
Balance at end of year	82,850	113,852

22. Financial instruments and risk management (continued)

Current financial assets are denominated in the following currencies:

	2011	2010
	€'000	€'000
EURO	675	849
USD	50,484	80,504
EGP	2,618	4,088
GBP	12,644	12,334
JOD	9,960	11,806
Other currencies	6,469	4,271
	82,850	113,852

Financial liabilities

The Group's financial liabilities comprise amounts due to suppliers arising from trading activities and amounts due to financial institutions and shareholders for liquidity and long term funding purposes. All financial liabilities are held at amortised cost.

22. Financial instruments and risk management *(continued)*

The following table sets out the contractual maturity analysis of the Group's financial liabilities arising from trading activities.

	2011		
	Trade payables	Construction projects	Deposits
Payable terms:	€'000	€'000	€'000
On demand	203,992	16,374	-
Between 3 months and 1 year	-	-	-
	203,992	16,374	-

	2010		
	Trade payables	Construction projects	Deposits
Payable terms:	€'000	€'000	€'000
On demand	304,766	9,025	-
Between 3 months and 1 year	33,863	1,004	-
	338,629	10,029	-

Current financial liabilities are denominated in the following currencies:

	2011	2010
	€'000	€'000
EUR	80,432	180,254
GBP	48,987	49,751
SYP	21,274	39,452
USD	25,389	26,549
LBP	13,245	21,330
EGP	13,225	9,649
TND	7,365	8,355
INR	2,694	6,285
JOD	2,289	3,540
ID	413	867
Other currencies	5,053	2,626
	220,366	348,658

22. Financial instruments and risk management *(continued)*

Liabilities to financial institutions and shareholders

A maturity analysis of amounts due to financial institutions and shareholders together with principal terms is set out in note 18.

Share capital and reserves

Share capital: The share capital is €350 million and represents the shareholders' fixed investment in the company. The Group has also received a Subordinated loan of €140 million. The total of €490 million is considered by management to be the total capital managed by the Group.

Revaluation reserve: This represents the surplus arising from adjusting the historic values of assets to current market values.

Cumulative translation reserve: This comprises the accumulation of foreign exchange differences arising from the restatement of non-monetary assets and liabilities.

Retained earnings: This reflects the accumulated profits and losses of the Group.

Legal reserve: The parent company and certain subsidiaries incorporated in relevant jurisdictions are required to allocate 5% of their annual profits to a non-distributable legal reserve until the legal reserve of the company is equal to 10% of its issued share capital.

23. Change of legal status

On 11 May 2007, the state of Luxembourg enacted a law regulating private wealth management companies and introduced the *"Société de gestion de Patrimoine Familial" ("SPF")* company. The new law replaced the "1929 Holding Company" regime and existing companies were required to change their status by 31 December 2010. The parent company, General Mediterranean Holding Société Anonyme duly complied with the new requirements and changed its status on 31 December 2010. With effect from 1 January 2011, the company is operating under the new regime and has been re-named General Mediterranean Holding Société Anonyme Société de gestion de Patrimoine Familial ("General Mediterranean Holding SA SPF").